

MEMORANDUM

TO: ROBERT HADL
FROM: STEVE KROFT
DATE: APRIL 23, 1982
RE: "KING KONG"

You have asked me to examine and play a coin operated video game entitled "Donkey Kong". You have also asked for a short memorandum expressing my initial reaction to the possibility of a suit by Universal against the manufacturer and/or distributor of the video game.

As you know, the history of the rights in King Kong is long and involved, and I will not attempt to repeat and set them forth here. It is sufficient to point out that Universal owns all rights (through Richard Cooper) in the name, title, story and character "King Kong" with the exception of motion picture rights in its motion pictures entitled "King Kong" and "Son of Kong". In addition, to the extent that RKO has exercised any rights in the character, name and story "King Kong" by way of merchandising or other promotion, it holds those rights for the benefit of Richard Cooper as a constructive trust. This latter relationship was declared and established by a federal court judgment signed by Manuel Real and remains in full force and effect. Cooper has assigned all of his rights as beneficiary of that trust to Universal.

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After examining the "Donkey Kong" game, I do not believe that there is any possibility of a copyright infringement action by Universal or anybody else against the manufacturer and/or distributor of "Donkey Kong".

I do believe, however, that there is a possibility of bringing an unfair competition/common law trademark action against the manufacturer and/or distributor of "Donkey Kong". There may be a substantial question concerning the name of the party who may be entitled to bring this action. In order to prevail in an unfair competition/common law trademark action, the plaintiff will have to establish secondary meaning in the name "King Kong", particularly if accompanied with a monkey or gorilla. In this case neither Cooper nor Universal has ever exploited the "King Kong" name or character. The only party to have done so was RKO, although under

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the federal court judgment, RKO did so as constructive trustor for the benefit of Cooper (now Universal). However, since as trustee, RKO may be the "legal" owner of any common law rights in the name "King Kong" (as opposed to the beneficial owner who will derive all the benefits, i.e., Universal), it is probable that RKO should be joined as a party plaintiff in any action brought against the makers of "Donkey Kong". Without RKO has a plaintiff, it is possible that at trial secondary meaning may be found to exist with RKO, not a party to the action, and Universal would not be able to establish an unfair competition/common law trademark right against the makers of "Donkey Kong".

_____ clear whether a plaintiff is required to prove secondary meaning in an action brought under §43(a) of the Lanham Act _____ provides redress for _____ and false designations of origin". This statute has been interpreted to plaintiffs from multiple types of activities which do not strictly fall within the traditional unfair competition/common law trademark causes of action. Most recently, the Ninth Circuit permitted an actor to maintain an action under the Lanham Act against a studio who failed to properly give him screen credit. As I recall there was no issue of "secondary meaning" involved in that case. Thus, theoretically Universal may have a stronger chance of prevailing in an action brought in its own name (without RKO) under §43(a) of the Lanham Act than it would under principles of unfair competition/common law trademark, I would strongly suggest that if any action is brought RKO be included as a party plaintiff.

There is also one other possible problem. In the federal court trial before Judge Real, RKO sued Universal for unfair competition based on Universal's use of the title "King Kong" without RKO's permission. I defended that action by, among other things, arguing that there is no secondary meaning in "King Kong" because it has become part of the ordinary English language, subject to use by all. In support of that theory I introduced many, many songs, cartoons and books entitled or using the name "King Kong". Based on this evidence, the Court found as follows:

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- (a) "There is no evidence that the title 'King Kong' has a secondary meaning by which the public identifies such title with RKO or the motion picture".
- (b) "The name 'King Kong' has become part of the ordinary English language."

The judgment entered on the foregoing findings was vacated when the parties settled their dispute on appeal. Accordingly, there is no judgment concerning RKO's former unfair competition claims against Universal currently in effect. Presumably, when the judgment was vacated, this also had the effect of vacating the above-quoted findings of fact. However, even though vacated findings of fact might not be used to collaterally estop Universal from claiming that there is a secondary meaning in the name "King Kong", Universal might be faced with an unclean hands defense in any unfair competition/common law trademark action which it might bring concerning "King Kong". The theory would be that Universal may not argue that "King Kong" has no secondary meaning and has become part of the ordinary English language in one case and then argue the contrary in a subsequent case. There is really no way to predict the likelihood of success on this type of a defense. _____ or if it ever having occurred in the past.

SAK:jw

cc: Allen E. Susman

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